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February 5, 2016

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Email: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

RE: Comments on Notice of Proposed Rule, Part 701 – Chartering and Field of Membership

Dear Secretary Poliquin:

As President and CEO of Black Hills Federal Credit Union (Black Hills FCU) for nearly 33 years, I welcome the opportunity to comment on the National Credit Union Administration (NCUA) Board's proposed changes to its Chartering and Field of Membership (FOM) rules.

I fully appreciate the positive impact NCUA's proposed rules will have on our credit union and many others. The opportunity to bring affordable, quality financial services to people of all means, and in locations previously underserved, will allow us to improve the lives and financial wellbeing of many individuals and families.

I specifically applaud the NCUA Board's proposed rule recognizing an individual Congressional District as a well-defined, local community. In South Dakota, more than half of the population resides in small, rural communities or outlying areas. Our two largest cities, Rapid City (population 72,638) and Sioux Falls (population 168,586) offer access to major medical, shopping, air travel, and statewide events. Nearly 300 of the state's 310 cities have populations of less than 5,000, forcing residents to travel for basic goods and services. In rural states, the definition of "local" encompasses long distances and "community" is often measured by the places people routinely visit to meet their business, retail, medical and entertainment needs – often hours away.

This week alone, stock growers and farmers from across the state are in Rapid City to buy and sell livestock and equipment, while Rapid City soccer teams will travel over 350 miles to Sioux Falls to compete in weekend games. Ice fishermen from far and wide will head to Pierre for a tournament and prospective brides will head east to Brookings to take in the Bridal Showcase.

Rob Swenson, of *Delta Sky Magazine*, described South Dakota well in his March 2015 article, "Powerhouse on the Prairie." Swenson stated, "*In some ways, South Dakota is a big, sprawling, small town where everyone knows each other.*"

The truth of Swenson's statement resonates here where extended family members and business relationships create local ties throughout the state and define us as one community. South Dakota is a single Congressional District; recognized by the federal government as having sufficient representation for the 855,000 residents. Our lone Congresswoman, Kristi Noem, is able to actively work with constituents across the state on important issues; she successfully represents the interests of all South Dakotans. The NCUA Board's proposed rule recognizing an individual Congressional District as a well-defined, local community is logical and consistent with federal representation.

Another important factor for rural credit unions is the proposed increase to the population limit for Rural Districts from 250,000 to 1 million people. The increase in this cap is long overdue. Population limits for other Community Charter expansions are currently set at 2.5 million. Although rural by nature, the state of South Dakota covers a large geographic area and expansion into low-income and underserved areas is made difficult by the need to choose expansion paths based on population. It is difficult to reach reservation areas and remain under the population cap and nearly impossible to diversify our membership by expanding into more populated communities. The increase to the cap may be the single most important factor in sustaining Rural Districts.

As President of Black Hills FCU, I take great pride in the difference our credit union has made by providing high-quality, affordable credit union services in impoverished regions, such as the Cheyenne River Reservation, and other service-challenged areas in South Dakota. Since our merger with Cheyenne River Community First Federal Credit Union in September 2012, our membership in Cheyenne River has increased from 352 to 864, loan volume has increased sevenfold (\$420,197 to \$3,181,547) and shares have quadrupled, from \$522,563 to \$2,126,923.

The success we found in Cheyenne River is a testament to the difference credit union services can make in low-income areas. NCUA's increased population cap for rural credit unions will have a profoundly positive effect on the availability of affordable financial services to those most in need. By providing credit unions with the flexibility to expand without the burden of an extremely low population limit, NCUA is providing an opportunity for rural credit unions to improve the lives of many more people.

Additionally, if the credit union movement as a whole is to remain a viable alternative to for-profit banks, it is imperative credit unions be allowed to expand and diversify their portfolios. The population cap of 250,000 currently placed on rural credit unions restricts natural growth and the diversification of assets. Increasing the population limit to 1 million for Rural Districts will provide credit unions with the ability to manage their growth and sustain longevity, while helping NCUA to stabilize the credit union industry. With banks controlling more than 91% of deposits in the United States, our industry must be encouraged to grow and thrive in order to maintain relevance in today's marketplace. NCUA's proposed rule to increase the population limit for Rural Districts from 250,000 to 1 million is an important investment in the future of rural credit unions.

While I strongly believe the majority of the proposed rules are a huge step forward for all credit unions, I disagree with the Rural District Multistate Expansion Limit which places restrictions on current practices. The rule unnecessarily seeks to limit expansion based on

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geography. The population cap will limit expansion while still providing the flexibility for credit unions to offer services where they are most needed.

In closing, I appreciate the consideration and effort put forth by the National Credit Union Administration Board in developing the proposed changes to the Chartering and Field of Membership rules. This proposal is an important step toward ensuring the growth and sustainability of our industry and I urge you to support it.

I would be happy to answer questions or discuss my comments. I can be reached at 605-718-6110 or [roger@bhfcu.net](mailto:roger@bhfcu.net).

Respectfully,



Roger R. Heacock  
President & CEO